



for Retirees

Montana Public Employee Retirement Administration (MPERA)

April 2009

This annual newsletter provides information for retired members of the following retirement systems administered by the Montana Public Employees' Retirement Board (PERB):

- Public Employees' (PERS)
- Highway Patrol Officers' (HPORS)
- Game Wardens' and Peace Officers' (GWPORS)
- Firefighters' Unified (FURS)
- Judges' (JRS)
- Sheriffs' (SRS)
- Municipal Police Officers' (MPORS)
- Volunteer Firefighters' Compensation Act (VFCA)

A Message From the Executive Director

by Roxanne Minnehan

Retirement Benefits Are Secure

Turbulent market conditions have significantly elevated anxiety regarding our individual finances, the national economy and the financial markets. It is a natural reaction to be concerned about the effect of the current economic situation on the security of your retirement benefits. Rest assured that your monthly retirement benefit is guaranteed and will continue without reduction.

In these economic times, participants in MPERA's defined benefit plan can be grateful for several reasons:

- 1) The trust funds are professionally managed in a diversified portfolio.
- 2) Investment gains or losses do not affect the retirement benefits paid to current members and retirees.
- 3) Retirement benefits are a legal contract and cannot be changed for current members and retirees.
- 4) Retirement benefits are **guaranteed** by the State of Montana.

In the past year, we said good-bye to Public Employees' Retirement Board members Jay Klawon, Ray Peck, and Loren Bough. MPERA

thanks them for their dedication and service.

Governor Schweitzer has appointed four new members to the Board: Darcy Halpin; Patrick McKittrick; Dianna Porter; and Timm Twardoski.

Ms. Halpin resides in Belgrade and is a recent PERS retiree. She worked at Montana State University-Bozeman for 25 years in extended studies, finishing her career in human resources.

Mr. McKittrick resides in Great Falls and received his Bachelor of Arts in political science from Carroll College. He served in the Montana House of Representatives from 1971-77 and as Speaker for two of those years. Mr. McKittrick specializes in Labor Management at the McKittrick Law Firm.

Ms. Porter resides in Butte. She has a law degree, a master's degree in gerontology and a post graduate diploma in economic principles.

Mr. Twardoski resides in Helena and is the executive director of the American Federation of State, County, and Municipal Employees (AFSCME) Montana Council 9.

We look forward to their contributions to the Board. ♦

Roxanne

Governor

Brian Schweitzer
Public Employees'
Retirement Board

President

John Paull
Butte

Vice-President

John Nielsen
Glendive

Darcy Halpin
Belgrade

Dianna Porter
Butte

Terrence Smith
Bozeman

Timm Twardoski
Helena

Patrick McKittrick
Great Falls



Roxanne Minnehan
Executive Director

MPERA

100 North Park Avenue
PO Box 200131
Helena MT 59620-0131
Phone (406) 444-3154
Toll Free (877) 275-7372
E-mail mpera@mt.gov
Fax (406) 444-5428

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*Should any information in this
newsletter conflict with statute or
rules, the statute or rules will apply.*

Benefits to Montana's Economy

The benefit payments to Montana public employee retirees are essential to Montana's economy. This infusion of money for the communities of Montana is spread across the state through benefit payments to retirees of the eight defined benefit retirement systems administered by MPERA: Public Employees'; Judges'; Highway Patrol Officers'; Sheriffs'; Game Wardens' and Peace Officers'; Municipal Police Officers'; Firefighters' Unified Retirement Systems; and the Volunteer Firefighters' Compensation Act.

MPERA provides services and monthly benefits to over 20,180 retired members and their beneficiaries. Of this number, 17,817 live in Montana. Therefore, most of the total benefits paid by MPERA to the 88% of retirees who are Montana residents stay within our state. When retirement checks are spent in Montana, our businesses experience an increase in revenue. Increases in revenue permit Montana businesses to grow, which leads to further spending and a stronger tax base. This "ripple effect" provides a significant economic boost to our state and our local governments. ***Benefit payments added approximately \$225 million dollars to Montana's economy and tax base for the 12-month period ending February 2009.***

The table below shows the geographical distribution of these benefit payments in Montana.

County	\$ Benefit	County	\$ Benefit	County	\$ Benefit
Beaverhead	1,995,204	Granite	721,673	Powell	3,441,506
Big Horn	1,033,839	Hill	3,267,793	Prairie	516,283
Blaine	913,358	Jefferson	6,238,680	Ravalli	4,750,304
Broadwater	1,192,309	Judith Basin	404,701	Richland	1,531,768
Carbon	1,920,960	Lake	4,611,833	Roosevelt	1,577,570
Carter	229,092	Lewis & Clark	46,753,705	Rosebud	1,428,525
Cascade	17,920,607	Liberty	332,936	Sanders	1,467,991
Chouteau	826,818	Lincoln	2,263,476	Sheridan	891,927
Custer	4,522,113	Madison	1,664,329	Silver Bow	11,361,651
Daniels	404,513	McCone	389,223	Stillwater	1,388,596
Dawson	3,180,540	Meagher	471,096	Sweet Grass	671,292
Deer Lodge	6,053,291	Mineral	1,034,496	Teton	1,622,456
Fallon	677,068	Missoula	19,087,016	Toole	1,133,057
Fergus	3,688,505	Musselshell	750,471	Treasure	193,797
Flathead	11,772,628	Park	2,247,428	Valley	2,143,365
Gallatin	13,497,195	Petroleum	147,404	Wheatland	464,121
Garfield	201,705	Phillips	998,981	Wibaux	452,993
Glacier	1,530,455	Pondera	1,334,675	Yellowstone	25,235,887
Golden Valley	305,730	Powder River	454,868	Total	225,313,803

You can view the MPERA annual financial report online at
<http://mpera.mt.gov/annualReports.asp>

Working Retiree Earnings Limitations

Many retirees go back to work because they miss having a job or would like the extra income. If you work for a private company or a public employer **not** affiliated with MPERA, there are no limitations on the hours you may work. Your retirement benefit will not be affected. The only exception is for some disability retirees (see article below).

If you retired from the Public Employees' Retirement System (PERS), the Sheriffs' Retirement System (SRS) or the Firefighters' Unified Retirement System (FURS), and return to work in a position covered by the same retirement system, you may return to work subject to the following limitations:

- ⇒ As a **PERS** working retiree, you are limited to working 960 hours in any calendar year. If you exceed the 960 hour limit and are under age 65, your monthly retirement benefit will be reduced \$1 for each \$1 you earned.
- ⇒ As a **SRS** working retiree, you are limited to working 480 hours in any calendar year. If you exceed the 480 hour limit, your monthly retirement benefit will be reduced \$1 for each \$3 earned in excess of \$5,000 per calendar year.
- ⇒ As a **FURS** working retiree, you are limited to working 480 hours in any calendar year. If you exceed the 480 hour limit, you must return to active service.

Working retirees for the above systems **must** complete a "Working Retiree Certification" form each month. The form is available through employers and requires both the retiree's and employer's signature.

The other MPERA-administered systems do not contain provisions for working retirees. ♦

Retirees who return to public service through a professional arrangement, a leased employee arrangement, or as a temporary service contractor are subject to the working retiree limitations.

Disability Retiree Earnings Limitations

The retirement systems administered by MPERA are designed to provide a retirement benefit when you terminate your employment at the end of your career. However, you may be unable to continue working due to a disabling medical condition. If so, you can apply for a disability benefit.

If you are approved for a disability benefit by the Public Employee Retirement Board, you may be subject to an annual medical review. If you are a disabled PERS member, you are also required to provide an annual earnings statement listing your "outside" earnings for the calendar year. You cannot return to employment in **any** PERS-covered position and retain your disability benefit.

As a disabled PERS retiree, you are subject to an earnings limit. You can work in another occupation and earn the difference between your salary at termination and your disability benefit. For example, if you earned \$2,000 per month prior to termination and your disability benefit is \$360 per month, then you can earn \$1,640 from outside employment. Your monthly benefit will be reduced \$1 for each \$1 you earn in excess of your earnings limitation in post-retirement employment. ♦

The MPERA web site address is <http://mpera.mt.gov/>

Keep Your Address Information Current

MPERA mails documents that cannot be forwarded by the postmaster, such as retirement checks, change of benefit notices, 1099-Rs and newsletters. The mail is not forwarded to the "temporarily away" designation you may have at your local post office. Your undeliverable mail will be returned to MPERA. This is our way of protecting your retirement checks and other sensitive information that pertains to your account.

It is necessary, even if you are gone only for a few weeks, that you fill out the Change of Address form or inform us, **in writing**, of any temporary or new permanent address change. Be sure to include your signature to authorize the change. Remember to change your address back once you have returned home.

You may fill out the Change of Address form on the MPERA website or request one from our office. Send the completed form to MPERA. ♦

MPERA mailed IRS form 1099-R to all retirees receiving a retirement benefit to the most current mailing address on file. If you did not receive a 1099-R, contact MPERA to request a new 1099-R and, if needed, update your address.

The 1099-R provides required information on paid retirement benefits and taxes withheld so that you may correctly file your annual tax returns. Important boxes to note on the 1099-R are:

Box 1: the total amount paid to you by MPERA for calendar year 2008.

Box 2A: the portion of your total benefit in 2008 that is considered taxable.

Box 4: the total amount of federal tax withheld during 2008.

Box 5: taxed contributions which are calculated under federal Safe Harbor regulations.

Box 7: identifies the type of benefit you received; normal, disability, death, etc.

Box 10: the total amount of Montana state income tax withheld in 2008.

The 1099-R also reflects the total health insurance deducted from your retirement benefit during 2008. Remember, if you are a public safety officer you may deduct up to \$3,000 from your taxes for employer sponsored health insurance premiums withheld from your retirement

benefit. Consult your tax preparer or advisor for more information. ♦

Sample 1099-R

Form 1099-R <input type="checkbox"/> CORRECTED (if checked)		OMB No. 1545-0119
1 Gross distribution \$	2a Taxable amount \$	Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
2b Taxable amount not determined	Total distribution	
PAYER'S name, street address, city, state, and ZIP code PUBLIC EMPLOYEES RETIREMENT BOARD 180 N PARK AVE STE 200 P.O. BOX 200131 HELENA, MT 59620-0131		
PAYER'S Federal identification number 81-6001666		RECIPIENT'S identification number
3 Capital gain (included in box 2a) \$	4 Federal income tax withheld \$	5 Employee contributions or insurance premiums \$
6 Net unrealized appreciation in employer's securities \$	7 Distribution code(s) IRA/SEP/SIMPLE	8 Other \$
9a Your percentage of total distribution %	9b Total employee contributions \$	Insurance Premium Paid \$
RECIPIENT'S name and Street address (including apt. no.), city, state, zip code		
Account number (optional)		10 State tax withheld \$
11 State/Payer's state number MT 4053531002WTH		12 State distribution \$
13 Local tax withheld \$	14 Name of locality	15 Local distribution \$
<p>File this copy with your state, city, or local income tax return, when required.</p> <p>Department of the Treasury Internal Revenue Service</p>		

Have You Considered Direct Deposit?

Currently, 86% of Montana retirees receive their retirement benefit through direct deposit. With direct deposit, your benefit is in your account on the last working day of the month. It will never be late and you will not have to drive to the bank to deposit it. Without direct deposit, your benefit is mailed on the last working day of the month and may take a few days to get to you.

To sign up for direct deposit, you must complete the Direct Deposit Agreement. This form is available on the MPERA website, or contact our office. MPERA must receive your completed Direct Deposit Agreement prior to the 15th of the month to ensure your benefit is electronically deposited at the end of that month. If you have any questions, contact Terry Dalton at MPERA, toll free 1-877-275-7372 ext 5451. ♦

Regarding Contingent Annuitants for Options 2 and 3

Attention retirees who chose Option 2 or Option 3:

When you retired, you were given several different benefit payment options. Those of you who wanted to provide an on-going benefit for the life of a second person following your death elected Option 2 or Option 3. Your retirement benefit was then calculated based on your age and the age of the second person. The second person is called your contingent annuitant.

Unfortunately, as years pass, things change. You may divorce or your contingent annuitant may die before you.

In either event, contact MPERA immediately. You may have the opportunity to name a new contingent annuitant or to choose a new benefit payment option. The choices available depend on whether you retired before or after October 1, 1999. However, you **must** make your selection, in writing, within 18 months of the death or divorce. ♦

2009 Legislature

Retirement Rumors Abound

The Montana Legislature is once again in session. The nation's economic downturn demands that legislators (and the Board) revisit issues related to the financial well-being of our retirement systems. Numerous bills have been introduced that would impact retirement benefits. Legislation, if passed, impacts the benefits paid only to new members hired after the effective date of the bill. Despite rumors to the contrary, your retirement benefit is secure. Montana's Constitution guarantees it!

One bill that may be of interest is House Bill 12. If you are a PERS, SRS, or FURS "working retiree", HB 12 requires your employer to make **employer** contributions to your retirement system. Employee contributions are

not required.

Working retirees fill positions otherwise held by active retirement system members. Since employers must pay contributions for active members, there is no additional, unbudgeted cost to your employer. And, the contributions help to reduce your retirement system's unfunded actuarial liability. As more and more baby boomers retire and return to part-time work, this legislation will provide much needed protection to your retirement system. ♦

MONTANA



LEGISLATURE

To change your beneficiary, you must contact MPERA at 444-3154 or toll-free 1-800-275-7372.

New Tax Tables

The American Recovery and Reinvestment Act of 2009 contained a provision called the "Making Work Pay" credit. The credit has been incorporated in new tax tables which must be implemented no later than April 1, 2009. The new tax tables are anticipated to result in more take-home income for **both** employees and **retirees**.

MPERA will implement the new tax tables on April 1, 2009. April 30 retirement benefits will automatically use the new tax tables based upon your Withholding Certificate currently on file. You do not need to complete or file a new Withholding Certificate.

However, this may result in not having enough federal taxes withheld from your benefit. MPERA encourages you to review your tax liability for all income, both pension and working, as applicable, with a tax preparer or advisor. You may want to adjust the amount withheld to a level that will more accurately reflect the amount of taxes you will likely owe. If you would like to change the taxes withheld from your retirement benefit, a new Withholding Certificate must be filed with MPERA.

Withholding Certificates are available by calling MPERA or on the MPERA website. ♦

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PERMIT NO. 89
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MONTANA PUBLIC EMPLOYEE
RETIREMENT ADMINISTRATION (MPERA)
PO BOX 200131
HELENA MT 59620-0131